15-1004-12868-2

STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS

FOR THE MINNESOTA DEPARTMENT OF COMMERCE

In the Matter of Principal Life Insurance Company

FINDINGS OF FACT, CONCLUSIONS AND RECOMMENDATION

The above-entitled matter was heard by Administrative Law Judge Beverly Jones Heydinger ("ALJ") on September 19, 2000, pursuant to a Notice of and Order for Hearing, dated May 1, 2000.

Sarah Walter, Assistant Attorney General, 1200 NCL Tower, 445 Minnesota Street, St. Paul, MN 55101-2130, appeared on behalf of the Minnesota Department of Commerce ("Department"). Carolyn V. Wolski, Attorney at Law, Leonard, Street and Deinard, P.A., 150 South Fifth Street, Suite 2300, Minneapolis, Minnesota 55402, appeared on behalf of Principal Life Insurance Company. The record closed on October 2, 2000, upon filing of written arguments by the parties.

NOTICE

This Report is a recommendation, not a final decision. The Deputy Commissioner of Commerce will make the final decision after reviewing the record and may adopt, reject or modify these Findings of Fact, Conclusions, and Recommendations. Under Minn. Stat. § 14.61, the Deputy Commissioner's decision shall not be made until this Report has been available to the parties to the proceeding for at least ten (10) days. An opportunity must be afforded to each party adversely affected by this Report to file exceptions and present argument to the Deputy Commissioner. Parties should contact Gary A. LaVasseur, Deputy Commissioner, Enforcement Division, Minnesota Department of Commerce, 133 East Seventh Street, St. Paul, MN 55101, telephone (651) 296-3528, to ascertain the procedure for filing exceptions or presenting argument to the Deputy Commissioner.

STATEMENT OF THE ISSUES

1. Did Principal Life Insurance Company justify its rate increase for Standard Medicare Supplement Policy Series MSP88-MSP95?

2. Did Principal Life Insurance Company justify its rate increase for Pre-standard Medicare Supplement Policy Series GW1882, et al?

Based upon all of the files, records and proceedings herein, the Administrative Law Judge makes the following:

FINDINGS OF FACT

1. An insurance company that wants to sell health insurance in Minnesota must file certain information and seek approval of the Commissioner of Commerce.[1] This includes insurance issued as a supplement to Medicare.[2]

2. In order to increase the rates charged to consumers participating in a nongroup health plan, insurance companies must include with its filing "a statement of actuarial reasons and data to support the rate … and [it] must be accompanied by a statement as to the expected loss ratio ….[3]

3. When a person becomes eligible for Medicare, there is a period of time when that person can purchase a Medicare Supplement Plan without submitting to a medical exam or demonstrating insurability. During this period an insurer who offers a Medicare Supplement Plan must provide it without regard to the applicant's health.[4]

4. Once the "open enrollment" window closes, a person who wants to purchase a Medicare Supplement Plan or change insurance carriers may be required to submit to a medical exam or review, and the insurer is not obligated to sell that person a policy or may limit coverage for pre-existing conditions.

5. In September, 1999, Principal Life Insurance Company ("Principal Life") filed a request for a rate increase on two types of Medicare Supplement plans: Standard Supplement Policy Series MSP 88 through MSP 95 ("Standard Supplement") and Pre-standard Medicare Supplement Policy Series GW 1882, et al. ("Pre-standard Supplement").[5]

6. Each of the two types is referred to as a "block of business," and within the blocks there are "sub-blocks." For example, the portion of a block sold in one state is a "sub-block."[6]

7. The "loss ratio" is a measure of an insurance block's profitability. The loss ratio is determined by measuring the earned premiums against incurred claims. It does not take into account the company's expenses including taxes, estimated liability, or any amount for profit. Thus, a company attempts to manage a block of business so that its claims plus expenses, plus reasonable profit, do not exceed earned premiums plus other income, such as investment income.[7] In general, the higher the loss ratio, the less profitable the product, and at some point, which varies from product to product, the product loses money.[8]

8. Each block and sub-block of insurance may have a different loss ratio. If expenses are high, the insurer will try to maintain a lower loss ratio. When the loss ratio exceeds 100%, there is no money from premiums to meet expenses or return a profit. When the loss ratio is high on one block or sub-block, other blocks or sub-blocks may have to subsidize it. Income from other sources such as investment income may be available to cover expenses. Increases or decreases in revenue other than earned premiums are not reflected in the loss ratio.[9]

9. In general, the loss ratio for a block of insurance will rise over time.[10]

10. In Minnesota, the minimum allowable loss ratio (after start-up) for individual Medicare Supplement insurance is 65%.[11]

11. Issuers of Medicare Supplement policies are expected to file rates and supporting documentation annually.[12]

12. Exhibit 1 is the filing for Principal Life's Standard Supplement. Principal Life requested increases to the two components that make up the billed premium, the base rate and the "area factor." It requested a 28% increase to its base rate and 7.4% to its area factor.[13]

13. The "area factor" reflects variance between national medical costs and medical costs in the region where the rate is filed.[14]

14. Exhibit 1 sets out the rate history for Principal Life's Standard Supplement. About 63 percent of Principal Life's Standard Supplement policyholders have the Extended Basic coverage.[15] Rates for the Extended Basic Standard Supplement, increased as follows:

1/1/95	0.0%
1/1/96	0.0%
10/1/97	15.0%
10/1/98	7.0%
8/1/99	20.0%
Proposed 2/1/00	30.0%[16]

15. An attachment to Exhibit 1 shows the earned premiums and incurred claims with the resulting loss ratios by year for the Standard Supplement block of insurance, both for Minnesota and nationwide.

	Minnesota	Nationwide
1995	49.0%	62.6%
1996	81.3%	67.3%
1997	81.1%	75.3%
1998	85.0%	81.5%
1999 (through 6/30)	116.5%	99.2%[17]

16. As of June 30, 1999, there were 1,703 Standard Supplement policyholders in Minnesota.[18]

17. Principal Life had also filed a rate increase request on April 22, 1999 for its Standard Supplement. At that time, it received a 20 percent increase.[19] The Department of Commerce approved the increase on June 7, 1999, and it took effect around August 1, 1999.[20] For the first six months of 1999, the loss ratio for the Standard Supplement plans was 116.5%, and 132.5% for the Extended Basic Plan alone.[21]

18. Principal Life also offers Pre-standard Supplements in Minnesota. Pre-standard Supplement policies have not been sold since 1992, when a change in federal law required that all Minnesota Medicare Supplement Plans include the same coverage. The Pre-standard Supplements, unlike the Standard Supplements, could vary from state to state and company to company.[22]

19. On September 20, 1999, Principal Life filed a rate increase request of 30 percent for its Pre-standard Supplements, to take effect on January 1, 2000.[23]

20. Most of Principal Life's Pre-standard Supplement policyholders have product GW-1875-1. As of June 30, 1999, there were 2,158 policyholders.[24]

21. Exhibit 7 sets out the rate history for Principal Life's Pre-standard Supplement GW-1875-1. Rates increased as follows:

2/1/95	5.4%
7/1/98	6.4%[25]
1/1/99	15.0%
Proposed 2/1/00	30%

22. The historical loss ratios for the Pre-standard Supplement were included in Principal Life's filing.

	Minnesota	Nationwide
1993	76.44%	80.28%
1994	78.82%	71.12%
1995	82.58%	74.72%
1996	86.9%	83.26%
1997	96.12%	81.56%
1998	106.48%	87.37%

1999 (through 6/30)	105.51%	95.47%[26]

23. From time to time, a block or sub-block of insurance is "closed," and no new policies are sold. The Pre-standard Supplement has been closed in Minnesota since 1992. The Standard Supplement block was open in Minnesota when the rate increase request was filed in September, 1999, but was closed prior to this hearing.[27]

24. When insurance rates increase significantly, some policyholders can be expected to shop for another product. However, the number who will switch to another company will be affected by several factors. These include the percent rate increase and the competitiveness of the new rate, customer service, the ability to qualify for underwriting by a new carrier, and uncertainty about possible rate increases with a different company. Theoretically, healthier policyholders are more likely to leave because they are more likely to meet another company's underwriting requirements.[28]

25. Each rate submission must include actuarial support. Charles B. Smith, Senior Actuary, is in charge of compiling the rate increase requests and the supporting actuarial report for Principal Life. He submitted the actuarial support for both the Pre-standard and Standard Supplement rate increase requests in September, 1999. To prepare the submission, he examined the company's history with these insurance blocks as expressed through the loss ratio. He projected future claims, which tend to rise as policyholders age, and with overall general usage increases, took into account the "area factor", and considered the possible loss of policyholders when rates increase.[29]

26. Mr. Smith estimated that the projected loss ratio and expenses would have justified requesting up to a 50% increase in the Standard Supplement rates and up to a 55.8% increase in the Pre-standard Supplement rates.[30]

27. Mr. John M. Stenson, a partner at Deloitte and Touche, with special expertise in health insurance products, testified in support of Principal Life's rate increases. Mr. Stenson assists insurance companies to design and develop new products, write policies, evaluate risk and calculate the rates necessary to assure profit. He has also helped insurance companies submit rate filings to state regulators, and is familiar with Medicare Supplement Policies.[31]

28. Mr. Stenson reviewed rates requested for Medicare Supplement policies and approved by the Department in 1999 and early 2000, and recompiled the information for comparison. With rare exceptions, the approved rate increases did not exceed 19 to 20 percent.[32]

29. Mr. Stenson also reviewed randomly selected rate filings for various years to compare the requested rate increases to the approved increases. Among this group, approved rate increases did not generally exceed 20 percent. In some instances, the approved rate increases were lower than the requested rate increases.[33]

30. Mr. Stenson also compared Principal Life's proposed rates with the rates charged by other companies for comparable products, and reviewed the loss ratios for

Principal Life's Medicare Supplement policies. He concluded that Principal Life's proposed rates were reasonable for both the Pre-standard and Standard Medicare Supplements because the rates compared favorably with the rates for the comparable policies of other companies. He also concluded that Principal Life's proposed rates were not excessive, unfair or inequitable, and were supported by the actuarial data.

31. The number of services used by Medicare Supplement policyholders and the cost of those services is rising.[34]

32. A company seeking a rate increase has the burden of demonstrating that it is reasonable. The commissioner can disapprove insurance form or the rate:

(1) if the benefits provided are not reasonable in relation to the premium charged;

(2) if it contains a provision or provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation;

(3) if the proposed premium is excessive or not adequate; or

(4) if the actuarial reasons and data submitted do not justify the rate.[35]

33. The Department denied Principal Life's September, 1999 rate requests after reviewing the actuarial information submitted to support it. It concluded that Principal Life had failed to meet all four tests.[36]

34. The Department receives a few hundred rate requests a year. Most are approved; about 10 percent are withdrawn. In the past five years, only the two filings at issue in this matter have been formally disapproved.[37]

35. The Department applies the statutory criteria from the policyholder's perspective because the company writes the policy terms, and has the information to substantiate its rate request and is interested in maintaining its competitive business position. Policyholders must rely largely on the Department's expertise in evaluating the reasonableness of the company's rate request and supporting documentation. At the same time, the Department has an interest in the on-going financial stability of the insurer since that stability also benefits the policyholders.[38]

36. For both filings, Principal Life's infrequent, irregularly timed prior rate increases suggested that the company was not managing its Medicare Supplement business carefully, and may have affected the increased loss ratios.

37. Janet M. Ludwigson, Commerce Analyst III, reviewed Principal Life's rate requests. In the course of her job responsibilities, she reviews about 350 health insurance rate filings each year, including Medicare Supplement filings. Typically, she reviews the actuarial memo, including the rate assumptions, history of the product, projections, and trends affecting the product. If the rate increase is fully explained and

is justified by the supporting documentation, it is ordinarily approved. When questions arise, she may request additional information from the insurance companies. Difficult issues are referred to her supervisor, Julia T. Phillips.[39]

38. Julia T. Phillips is an actuary for the Department of Commerce with extensive experience reviewing health insurance filings and working with other state regulators. Rate requests are referred to her by Janet Ludwigson and other staff when they present unusual questions or may not be approved.[40]

39. The Department staff could not find an explanation in the actuarial material submitted to explain and justify the infrequent, irregularly-timed, prior rate increases, or documentation concerning the effect of the recently-approved increase in the Standard Supplement on projected loss ratios.

40. The rate filings for the Standard Supplement were ambiguous about the effective dates of previously approved rate increases for the Standard Supplement and the effect on the loss ratios if the 1999 increase had been annualized. The requested rate increases were well above the increases that policyholders with other companies had received. There was insufficient data to support such disproportionate rate increases.[41]

41. The rate filings for the Prestandard Supplement also showed an increase in the loss ratios, but did not show the corrected loss ratios for 1997 and 1998 had an approved 1997 rate increase been promptly implemented. There was a small decrease in 1999, after the 1997 rate increase had been fully implemented, in comparison to a big jump for the nationwide loss ratio. The Department concluded that Principal Life had not provided sufficient data to support its large rate increase request.[42]

Based upon the foregoing Findings of Fact, the Administrative Law Judge makes the following:

CONCLUSIONS

1. The Administrative Law Judge and the Commissioner of Commerce are authorized to consider this matter pursuant to Minn. Stat. § 62A.02, subd. 5a and 14.50 (1998).

2. Principal Life received due, proper and timely notice of issues in this proceeding and the time and place of hearing. This matter is, therefore, properly before the Commissioner and the Administrative Law Judge.

3. The Department has complied with all relevant substantive and procedural legal requirements.

4. Principal Life has the burden of showing by a preponderance of the evidence that its proposed rates do not violate the criteria set forth in Minn. Stat. § 62A.02, subd. 3.

5. Principal Life has proven by a preponderance of the evidence that its requested rate increases do not contain a provision or provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of the health plan form, and thus does not violate Minn. Stat. § 62A.02, subd. 3(2).

6. Principal Life has failed to show by a preponderance of the evidence that the benefits provided are reasonable in relation to the rate charged, in violation of Minn. Stat. § 62A.02, subd. 3(1).

7. Principal Life has failed to show by a preponderance of the evidence that its requested rate increases are not excessive, in violation of Minn. Stat. § 62A.02, subd. 3(3).

8. Principal Life has failed to demonstrate by a preponderance of the evidence that it submitted actuarial reasons and data to justify its requested rate increases, in violation of Minn. Stat. § 62A.02, subd. 3(4).

9. The Department properly denied Principal Life's request for an increase in its Pre-standard Medicare Supplement.

10. The Department properly denied Principal Life's request for an increase in its Standard Medicare Settlement.

Based upon the foregoing Conclusions, the Administrative Law Judge makes the following:

RECOMMENDATION

IT IS HEREBY RECOMMENDED: that the Commissioner of the Minnesota Department of Commerce deny Principal Life's requested rate increases for Standard Medicare Supplement Policy Series MSP88-MSP95 and for Pre-standard Medicare Supplement Policy Series GW1882, et al.

Dated this 3rd day of November, 2000.

S/ Beverly Jones Heydinger

BEVERLY JONES HEYDINGER
Administrative Law Judge

Reported: Tape recorded (Seven Hearing Tapes)

NOTICE

Under Minn. Stat. § 14.62, subd. 1, the agency is required to serve its final decision upon each party and the Administrative Law Judge by first class mail or as otherwise provided by law.

MEMORANDUM

The Department of Commerce is directed by statute to review the rates charged by insurance companies for health insurance. For nongroup health plans, such as the Medicare Supplements at issue here, the filing must include a statement of actuarial reasons and data to support the rate.[43] The Department can disapprove the requested rate if certain statutory limitations are not met. The insurer has the burden of justifying its rate request and demonstrating that the statutory criteria are not violated.[44]

The rate request can be denied if any one of the four criteria are violated. The Department denied Principal Life's rate increases for both products on each of the four bases set forth in statute. The evidence supports its position on three of the four bases.

This analysis will begin with the fourth criteria because it can be evaluated most objectively and further explains the other two violations. However, there was no evidence to support denial on the basis of the second criterion, as more fully explained below.

Actuarial reasons and data do not justify the rate.

This is the strongest of the Department's bases for denying the rate increases, and standing alone would justify its decision. Principal Life failed to submit sufficient actuarial information and data to justify the large rate increases it requested.

The parties disagree about the proper scope of the Department's authority to review rate increases. Principal Life argues that the Department must base its decision not on the size of the rate increases, but by comparing the resulting rates to the market. The Department contends that the reasonableness of insurance rates is interwoven with the reasonableness of the rate increases. If the relative market competitiveness of the requested rates were the only appropriate inquiry, as Principal Life asserts, the statutory requirement to submit supporting actuarial reports and data would have no purpose. The Department's position that the size of the rate increase must be justified is the more logical position.

The Department did not take the position that any large rate increase was unreasonable per se. It has, in fact, approved significant increases.[45] However, where large increases are requested, it is appropriate to expect supporting data that fully justifies the request.

Principal Life contends that its deteriorating loss ratios support its request. However, the information it submitted is minimal and inconclusive. For example, for the Standard Supplement, increases in the loss ratio for 1996-1998 were small, steady and were not increasing in Minnesota as fast as they increased nationwide.[46] Although there was a big jump for the first six months of 1999, Principal implemented a large rate increase that took effect on August 1 of that year. Although Mr. Smith testified that he took the August, 1999 rate increase into account in his September, 1999 rate request, he did not provide the documentation and assumptions to back this up.

The Pre-standard Supplement loss ratios rose more quickly. A small rate increase was requested in 1997 but not implemented until July 1, 1998. Thus the significance of the loss ratio for 1997 and 1998 must be discounted because Principal Life provided no data to show what the loss ratio would have been for 1997 and 1998 if the rate increase had been implemented on time. Given the timing and size of the two rate increases, it was appropriate for the Department to look behind the reported loss ratios for answers to these and similar questions.

There was testimony that one can expect loss ratios to rise over the life of a product. To evaluate the product's rising loss ratios, one must consider th expected increase in the same or similar products. Yet Principal Life's submissions are conflicting. The rate increase request filed on April 22, 1999 for the Standard Supplement shows that Principal Life expected the loss ratios to level out at 85%, which is consistent with the actual history through 1998.[47] Yet a few months later, September, 1999, Principal Life's submission states that the loss ratios were expected to level out at 75% for the same product.[48] There was no explanation for this change in assumptions. The difference in expected ratios obviously affects the appropriateness of the rate request.

There were other questions raised by the rate filing that were not explained in the actuarial report and data submitted. One example is the relationship between the Minnesota loss ratios and the nationwide loss ratios. In general, Minnesota's loss ratios were higher than the nationwide ratios, yet there was no apparent explanation or documentation to explain why Minnesota's loss ratio for the Pre-standard Supplement increased so much more than the nationwide numbers in 1997, 1998 and 1999, and for the Standard Supplement in 1999. A reasonable regulator would want to know how rates and claims were rising in other states in order to determine whether these discrepancies were anomalies or trends. On its face, Principal Life's request for very large increases generated lots of questions that were unanswered by its submissions.

The Benefits are not reasonable relative to the premium charged; the proposed rate is excessive**.**

These two bases for disapproving a rate request are admittedly subjective. However the Department was able to articulate its reasons for concluding that the rate increases failed these tests, and Principal Life did not submit sufficient evidence to prove the requested increases were warranted. Exhibit 13 is a chart compiled by Principal Life's expert, Mr. Stenson, showing the rate increases approved by the

Department for 1999 and 2000. There were very few increases at or above 20%. The one company with a higher approved rate had no insureds in Minnesota. The chart also shows that increases greater than 20% were originally requested by some insurers, but were not ultimately granted. The chart supports the Department's view that the rate increases requested by Principal Life were very high and would have led any vigilant rate reviewer to look for a detailed justification. As the statute states, it is the burden of the insurer to justify its rate request.

Principal Life contends that comparison to the rates charged other companies should be given more weight. Although its customers would receive a large rate increase, they would see that the new rates were competitive, and thus not be likely to switch to another company. The Department counters that policyholders assume their current rates are reasonable, and thus expect close scrutiny of a large increase. When an individual is selecting a new product on the market, the person will compare price, benefits, service and cost. However, once a person has selected a carrier, and requires underwriting to switch, the policyholders may feel obligated to accept any increase. A healthy consumer may feel free to compare prices and switch carriers, but those with an existing health condition, or fear that they may not meet the underwriting standards of another company, may have little real choice. This is especially true for those who have the Pre-standard Supplement since that block of insurance closed several years ago, and one can assume that the insureds, as a group, have aged. By statute the Department has been given the role of examining rate requests and assuring that they are justified and fair to the consumers.

Principal Life complains that the Department's inquiry unfairly focuses on the consumer's perspective rather than the company's. Yet, this is a logical approach, supported by the governing statute. The company is a business. It is expected to maintain accurate records about its products, including its earned premiums, claims history, expenses and so forth. The policyholders do not have that information. As a business, the insurance company makes strategic decisions about marketing, claims processing, opening or closing blocks of business, investments, and much more. It decides what information to include with its rate request. The company presents its perspective through the rate filing, and can justify its filing by marshalling and reporting as much support as it chooses. The rate filing makes the Company's case.

If the Department's review is to be meaningful, it must approach the request from a vantage point outside the company. Since government insurance regulation is inherently consumer protection, the Department asks the questions and seeks information a consumer would seek. Consumers would certainly want to be reassured that a large rate increase was fully justified. Here, that justification is lacking.

The Department's view of its role is well-supported by both statutes and case law. As explained above, the governing statutes place the burden on the company to demonstrate the reasonableness of its rates. Insurance regulation is inherently a public protection function, subject to state supervision and control. Donarski v. Lardy, 251 Minn. 358, 88 N.W. 2d 7 (1958). Insurance laws and policies are to be liberally construed in favor of policyholders and the public. Depyper v. Safeco Ins. Co. of

America, 591 N.W. 2d 344 (Mich. App.), app. denied 601 N.W. 2d 100 (1998); Bankers Life & Cas. Co. v. Alexander, 242 Iowa 364, 45 N.W. 2d 258, 264 (1950).

The Policy Provisions are not unjust or unfair.

The Department has failed to explain what provisions of the policies violate section 62A.03, subd. 3(2) which allows the commissioner to disapprove an insurance form or rate "if it contains a provision or provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation." The Department contends that an excessively high rate violates this provision, but that is unpersuasive. The other three limits refer specifically to the rate or premium charged, but this does not. The Department's reading does not differentiate this provision from subdivision 3(3) which clearly prohibits excessive rates. This limit seems to apply to substantive policy terms, setting forth the scope of coverage or contractual terms. The Department offered no basis for concluding that any terms, other than the rate itself, ran afoul of this limitation.

Principal Life also asserts that the Department's refusal to approve the rate filings may constitute a regulatory taking. Since the Department has routinely granted increases to this insurer and others, including large increases when warranted, this argument has no merit. The burden is clearly on the company to justify the rates it requests. It is not prohibited from seeking additional increases.

To determine whether there has been an unlawful taking, one must review:

1) the economic impact of the regulation on the person(s) suffering the loss,

2) the extent to which the regulation interferes with distinct investment backed expectations, and

3) the character of the government action to assess whether the complained of action effected a taking of private property for public use.

Zeman v. City of Minneapolis, 552 N.W. 2d 548, 552 (Minn. 1996) relying upon Penn. Central Transp Co. v. City of New York, 438 U.S. 104, 124, 98 S. Ct. 2646, 2659 (1978).

Although Principal Life has sustained an economic loss, the effect of the loss on the company's entire financial position and the effect on the shareholders were not addressed by evidence in this case. The primary purpose of insurance regulation is to protect the public and to maintain some oversight of the rates charged. Thus, the takings argument is not persuasive.

In conclusion, when an insurance company seeks unusually high increases in its rates, it must fully explain its request if it is to meet its statutory burden of showing that the increases are reasonable.

B.J.H.

[1] Minn. Stat. § 62A.02 (2000).
[2] Minn. Stat. § 62A.011, subd. 3 (10).
[3] Minn. Stat. § 62A.02; see also § 62A.36, subd. 1(e).
[4] Minn. Stat. § 62A.31.
[5] Exs. 1, 7.
[6] Test. of Rodney Karsten.
[7] Test. of R.Karsten; John M. Stenson.
[8] Test. of R. Karsten, J.M. Stenson.
[9] Id.
[10] Test. of Charles B. Smith.
[11] Minn. Stat. § § 62A.021; 62A.36, Subd. 1(2).
[12] Minn. Stat. § 62A.36, subd. 1(c).
[13] Ex. 1, p.6.
[14] Id.;Test. of C.B. Smith.
[15] Ex. 4.
[16] Ex. 1, p.6.
[17] Ex. 1, p.12.
[18] Id.
[19] Ex. 2.
[20] Ex. 5.
[21] Ex. 4.
[22] Test. of R. Karsten.
[23] Ex. 7.
[24] Ex. 7, p.10.
[25] This rate increase was approved in February, 1997, but through an error by Principal Life, the increase was not implemented until July 1, 1998. Ex. 7, p. 11.
[26] Ex. 7, p. 12.
[27] Test. of R. Karsten.
[28] Id.; testimony of J. M. Stenson; Julia T. Phillips.
[29] Test. of C. B. Smith.
[30] Id.
[31] Test. of J. M. Stenson.
[32] Ex. 13.
[33] Ex. 14.
[34] Test. of J.M. Stenson; C.B. Smith.
[35] Minn. Stat. § 62A.02, subd. 3.
[36] Test. of Janet M. Ludwigson, J. T. Phillips.
[37] Testimony of J.T. Phillips.
[38] Id.
[39] Test. of J.M. Ludwigson.
[40] Test. of J.T. Phillips.
[41] Test. of J.M. Ludwigson; J.T. Phillips.
[42] Id.
[43] Minn. Stat. § 62A.02, subd. 1.
[44] Minn. Stat. § 62A.02, subd. 3.
[45] Ex. 13.
[46] Ex. 1, p. 11.
[47] Ex. 2, p. 3.
[48] Ex. 1, p. 7.